

# The California Tax Credit Allocation Committee (TCAC)

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Summer, 2007

# California's Low Income Housing Tax Credit Update

- Nine percent credits: Round 1, 2007
- Trends over time
- Concluded public forums and areas for program change
- Treasurer-sponsored State legislation (SB 713-Lowenthal)

# Nine Percent: Round 1, 2007

- 92 applications received
  - 56 in Round 1, 2006
  - Funded 31 projects
- Requested:
  - \$102.7 million in annual federal credit
  - \$62.8 million in total State credit (18 apps.)
- Available credit in round 1
  - ~ \$25 million in annual federal
  - ~ \$37 million in total State credit

# Round 1 Demand by Set Aside

Set-Aside	Applications Received	Federal Credits Requested (M)	Available in Round 1 (M)
NP Homeless Assistance	4	\$4.3	\$1.8
Nonprofit	16	\$18.1	\$1.8
Rural	20	\$21.0	\$7.4
Small Development	5	\$2.4	\$0.7
At Risk	6	\$4.0	\$1.8
SRO/Special Needs	2	\$1.9	\$0.7

# Round 2 Credits Available

Set-Aside	Round 1 Apps Funded	Federal Credits Awarded (M)	Available in Round 2 (M)
NP Homeless Assistance	2	\$1.9	\$1.6
Nonprofit*	2	\$2.3	\$1.6
Rural	8	\$7.7	\$7.0
Small Development*	2	\$1.1	\$0.37
At Risk*	3	\$1.9	\$1.7
SRO/Special Needs	1	\$1.6	0

# Round 1 Demand by Region

Region	Apps Rec'd	Total Requested	Available
LA County	27 total / 15 geo	\$31.9M	\$7.4M
Central Valley	11 / 6	\$11.9	\$3.1
N/E Bay Area	6 / 2	\$6.8	\$3.4
San Diego Co.	3 / 2	\$4.4	\$2.3
Inland Empire	8 / 5	\$10.2	\$1.4
Orange County	5 / 3	\$5.5	\$1.5
S/W Bay Area	2 / 2	\$3.4	\$1.7
Capital/Northern	7 / 3	\$5.0	\$0.9
Central Coast	3 / 1	\$2.4	\$1.2
San Francisco	0	\$0	\$3.8

# Round 2 Credits Available

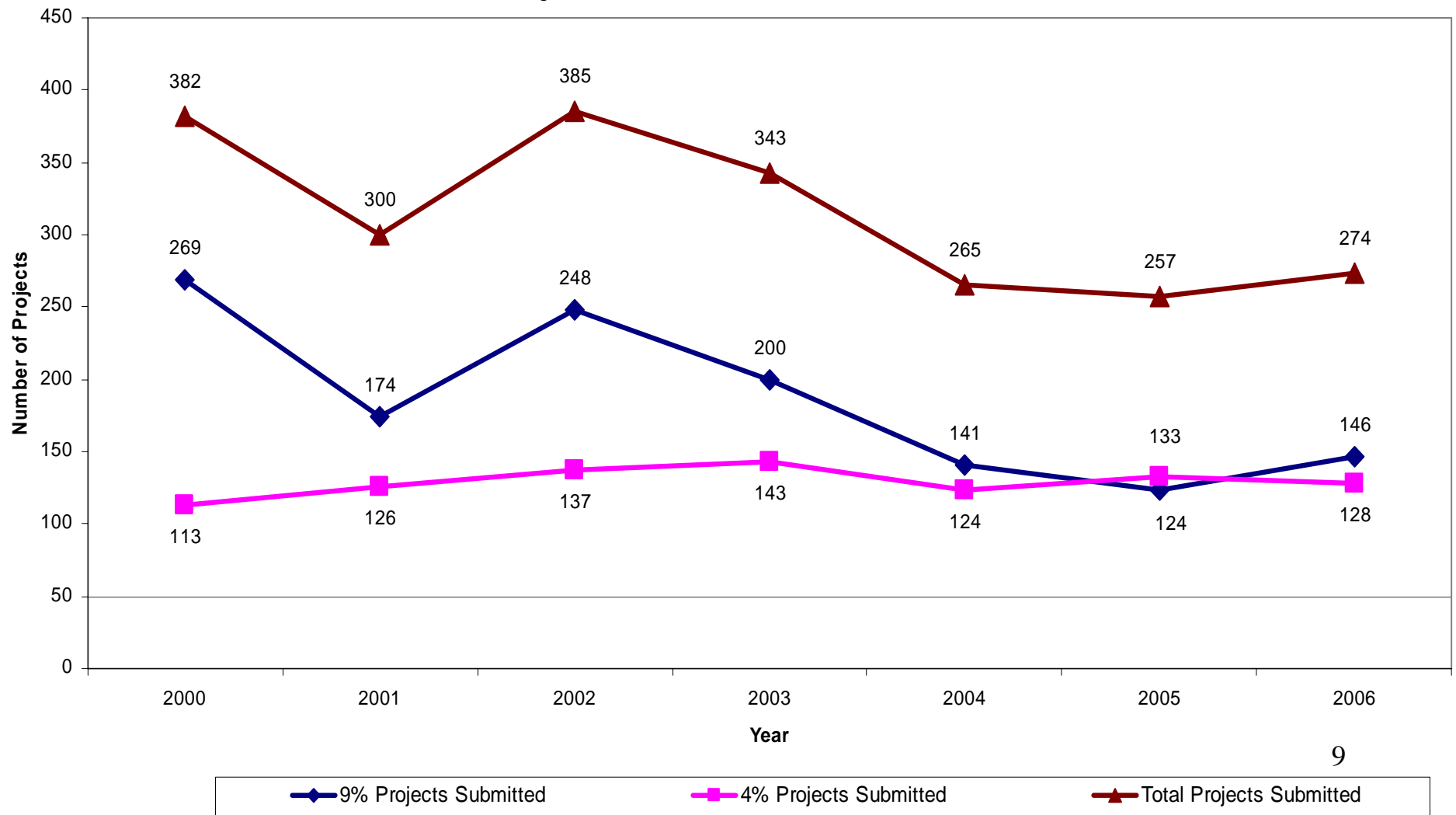
Region	Rd. 1 Apps Funded	Total Credits Awarded	Available Rd. 2
LA County	8 total / 3 geo	\$7.2M	\$9.9M
Central Valley	2 / 2	\$3.4	\$2.6
N/E Bay Area	3 / 3	\$3.2	\$3.1
San Diego Co.	1 / 1	\$2.0	\$3.2
Inland Empire	1 / 0	\$1.3	\$2.5
Orange County	2 / 2	\$1.7	\$2.2
S/W Bay Area	1 / 1	\$2.1	\$1.3
Capital/Northern	1 / 0	\$0.77	\$1.9
Central Coast	1 / 1	\$1.1	\$1.5
San Francisco	0 / 0	0	\$5.0

# Nine Percent Credits

- Second round applications due Thursday, July 12<sup>th</sup>
  - Continued new application submittal protocols
  - Overnight express mail by the 12<sup>th</sup>

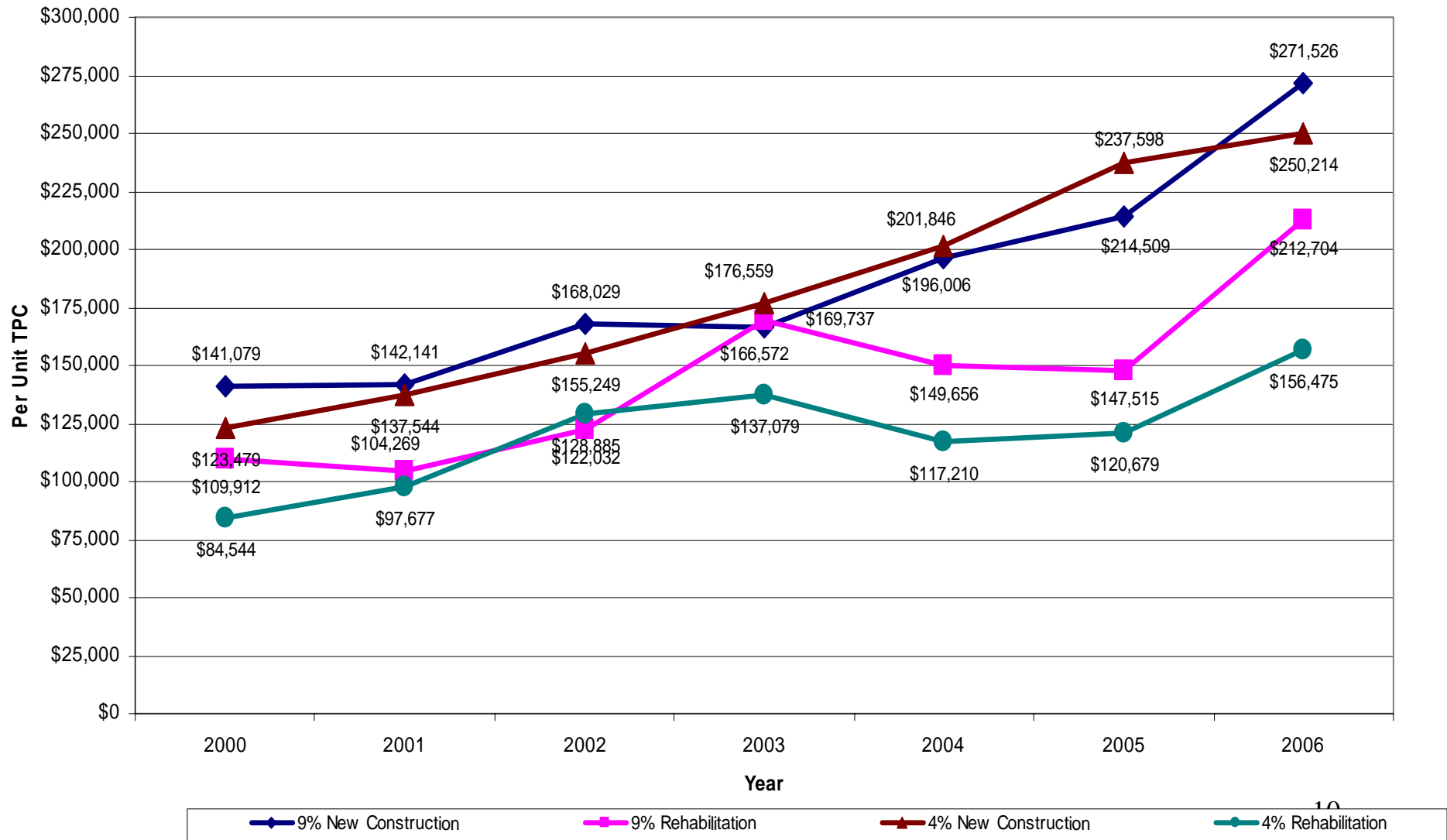
# Trends: Applications Received

***4% and 9% Applications:  
Projects Submitted 2000-2006***



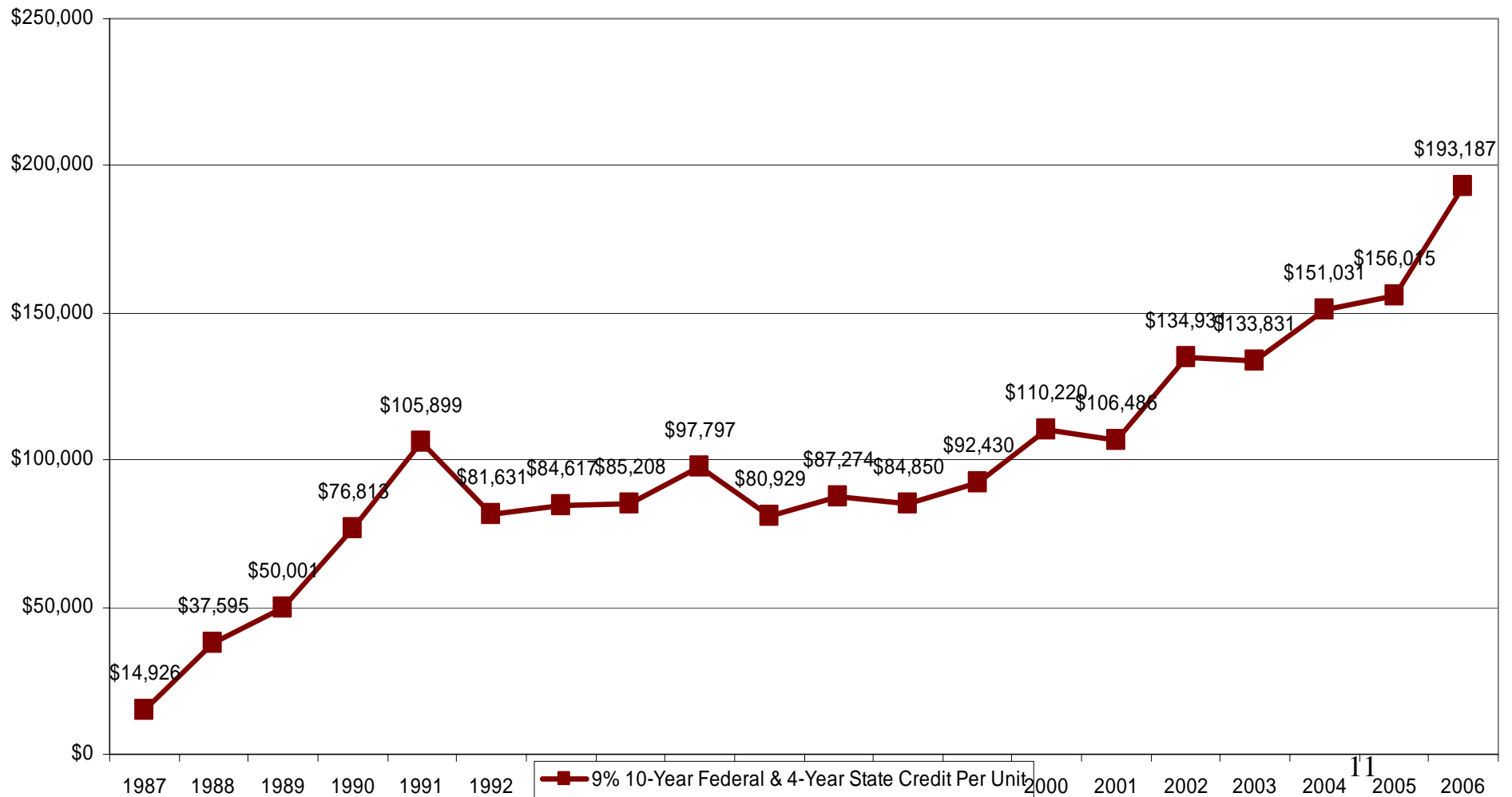
# TDC Per Unit

**4% and 9% Awards:  
Average Total Project Cost Per Unit 2000-2006**



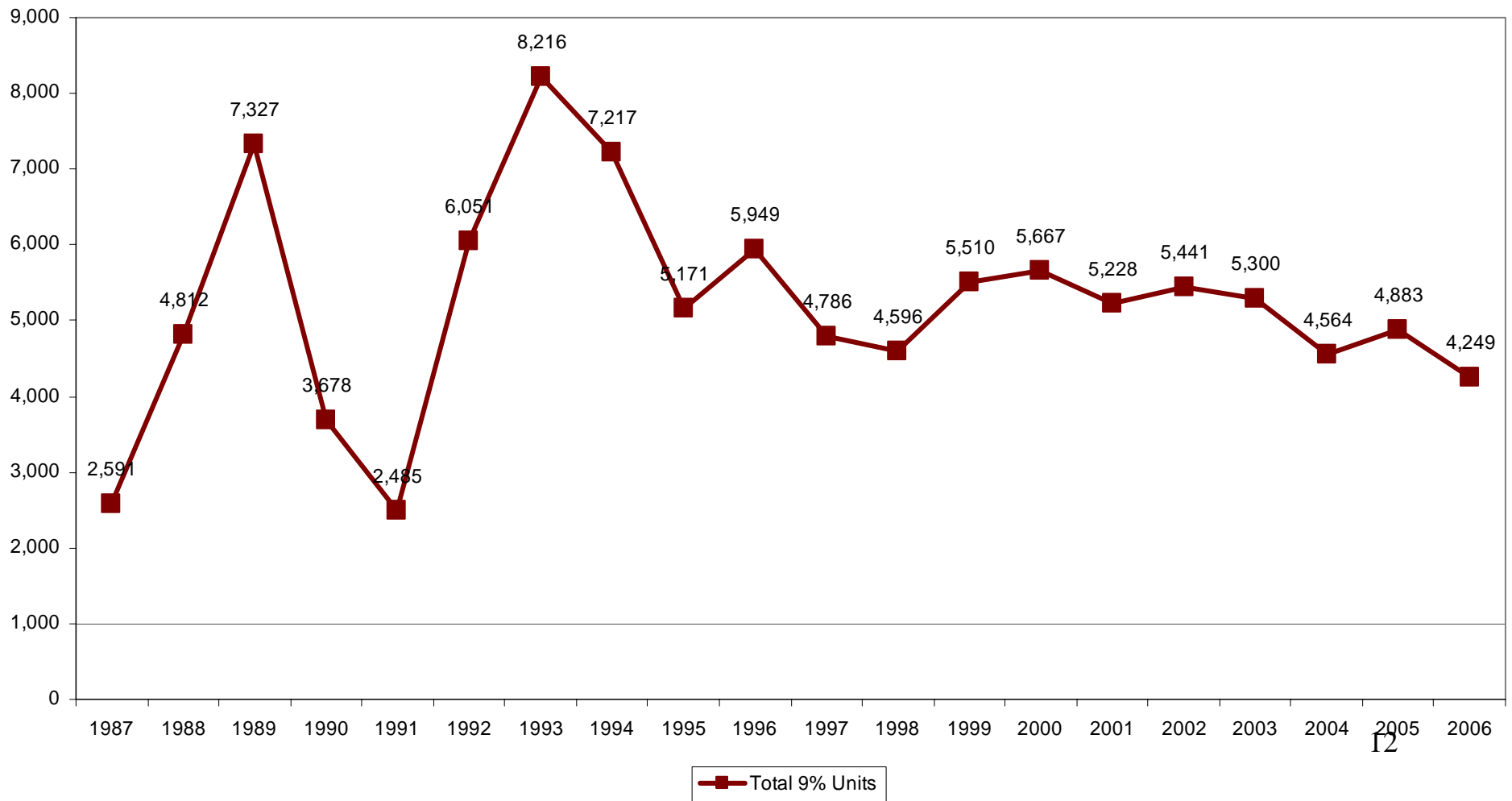
# 9% Credits Per Unit

*9% Total Credit Per Unit from 1987 to Present*



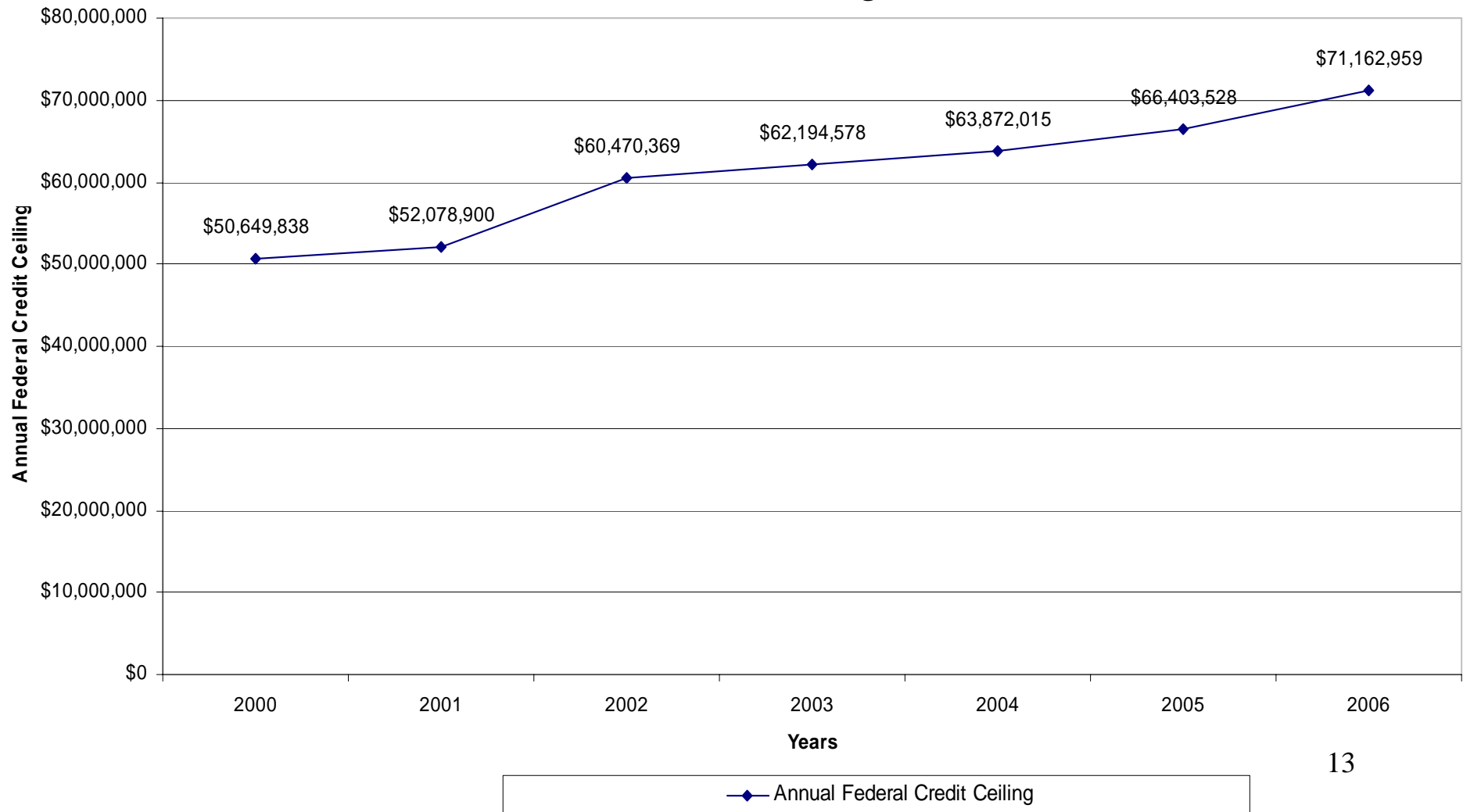
# Units From 9% Awards

*9% Units from 1987 to Present*



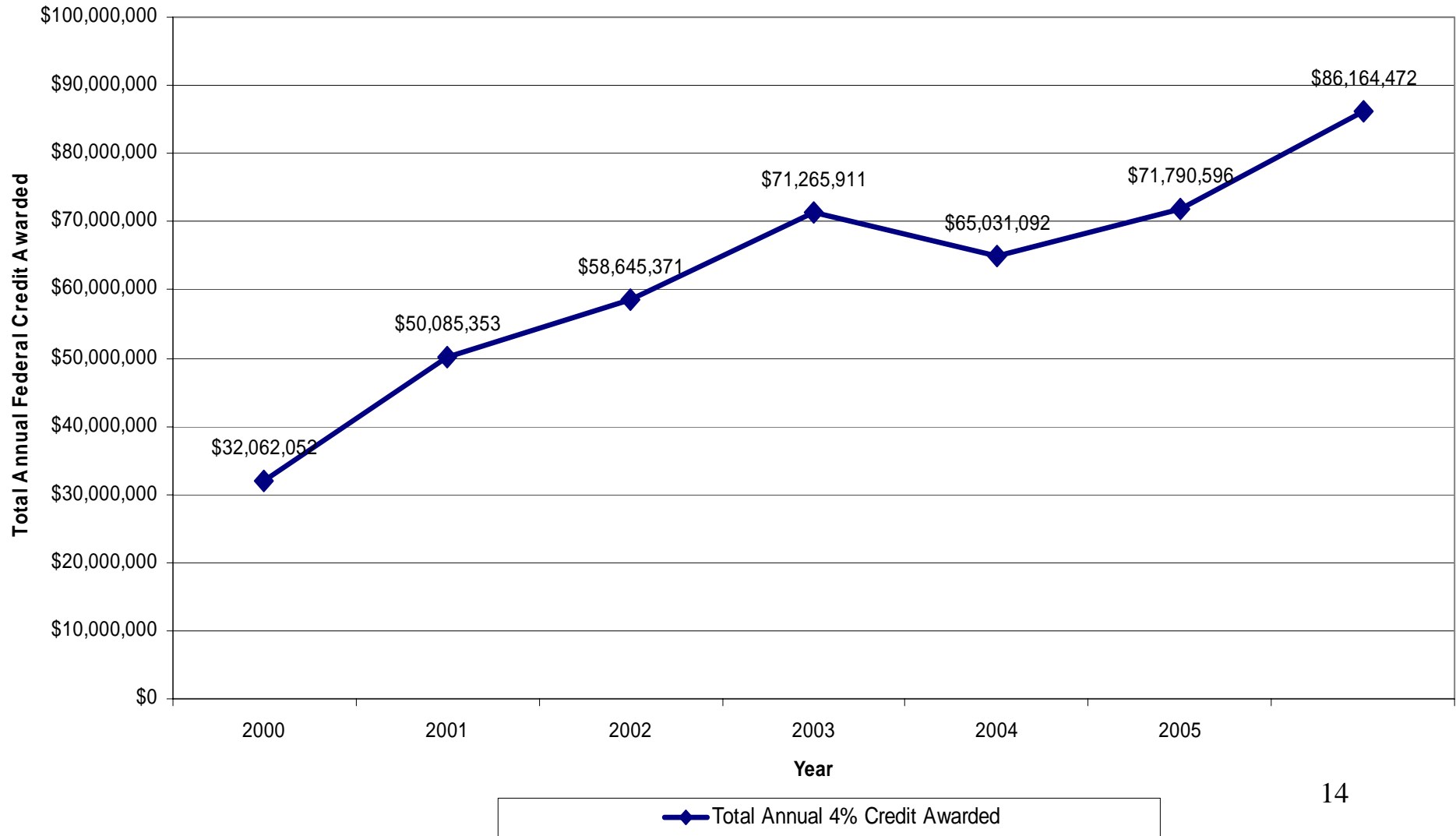
# Credit Ceiling in California

## ***9% Applications: Annual Federal Credit Ceiling 2000-2006***



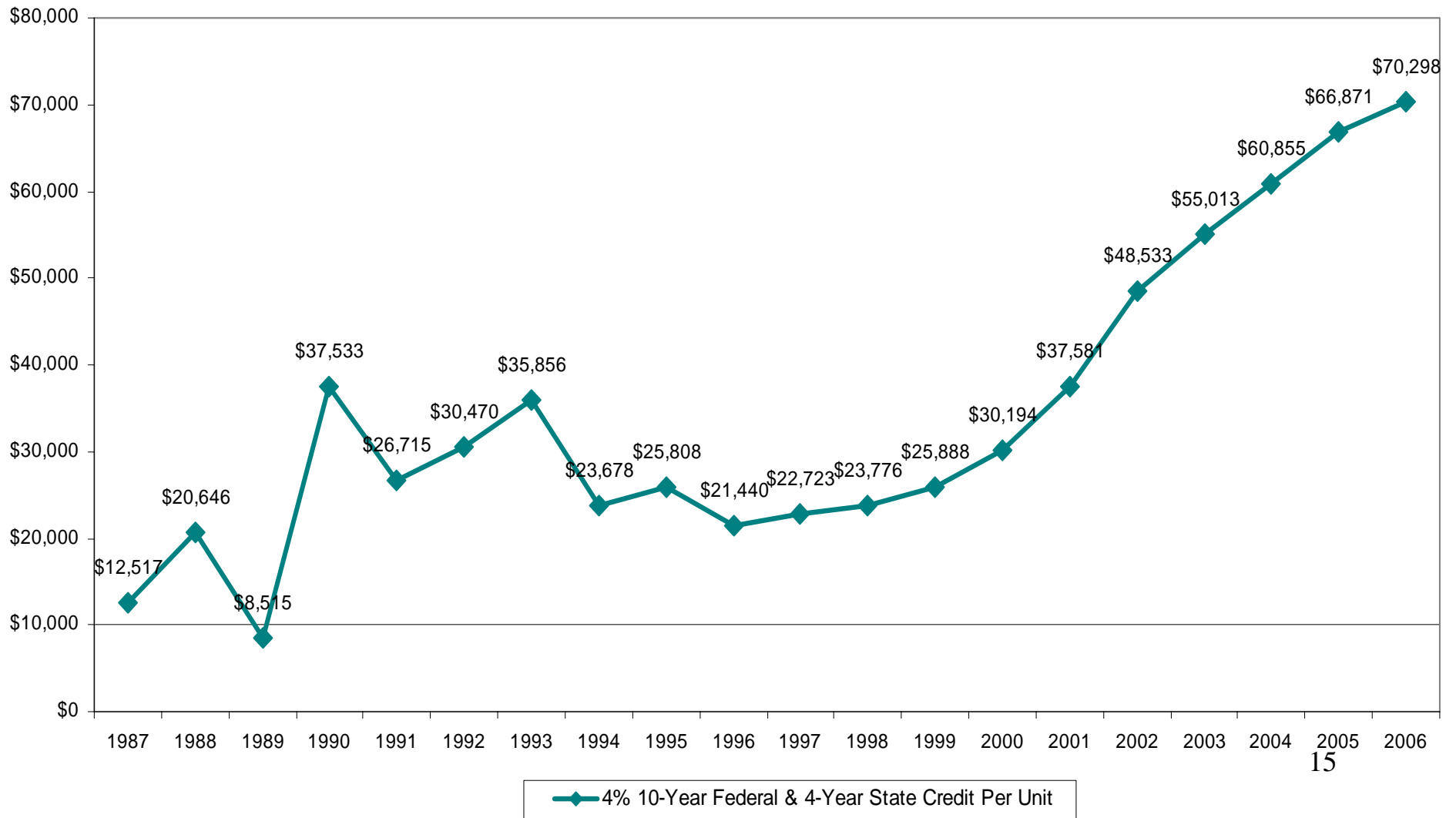
# 4% Credits Awarded Annually

## *Total Annual 4% Federal Credit Awarded 2000-2006*



# Trends: 4% Credits Per Unit

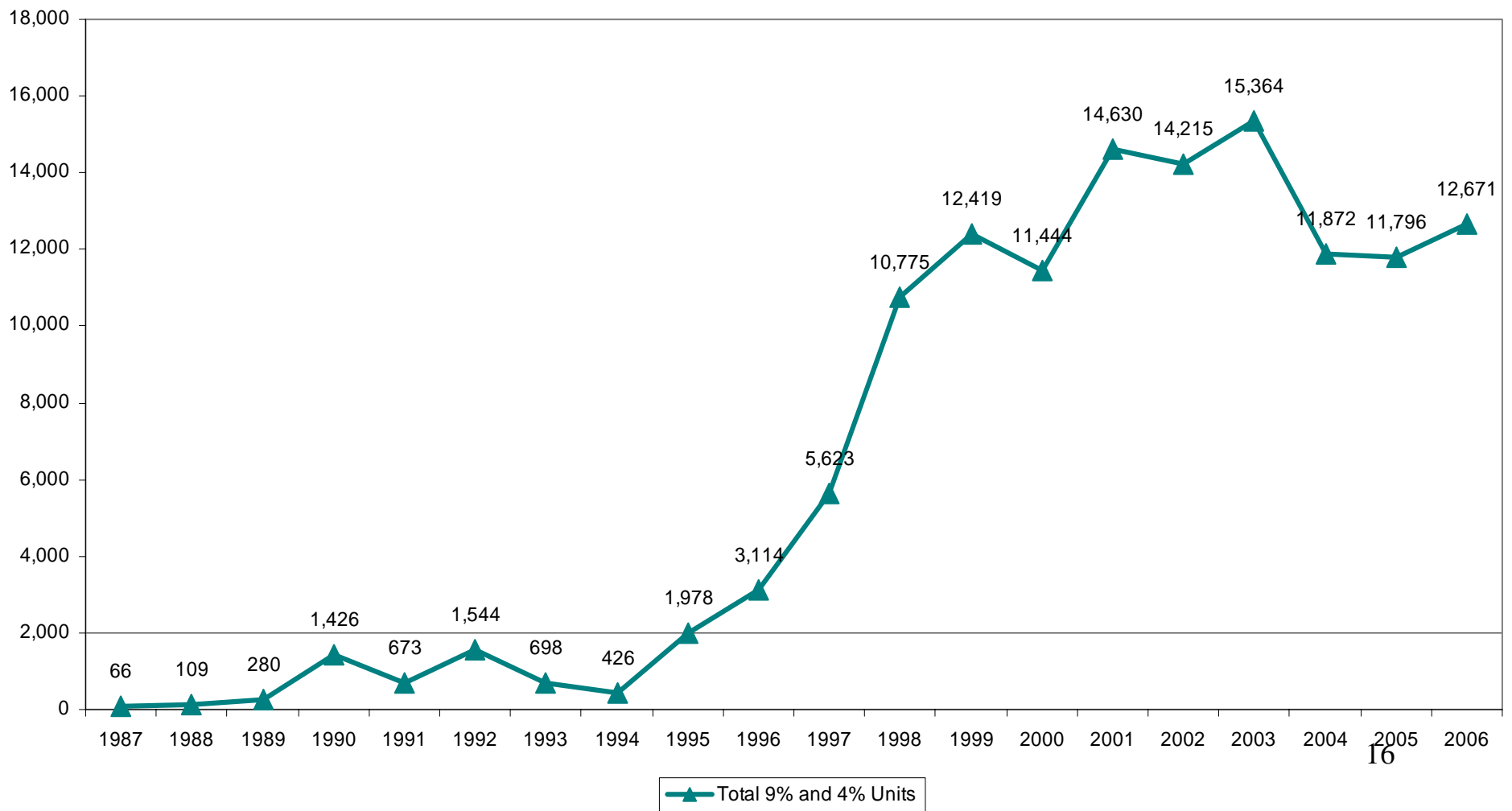
*4% Total Credit Per Unit from 1987 to Present*



# Trends: Annual Units

## 4% Awards

*Total 4% Units from 1987 to Present*



# 2007 Public Forums

- TCAC held five forums statewide in late-March and early-April
  - Sacramento
  - Oakland
  - San Diego
  - Los Angeles
  - Fresno

# Eight Topics Initiated Discussion

1. Realistic basis limits
2. Site amenity distances and new growth areas
3. 150-day readiness policy
4. Increasing homeless assistance
5. Geographic area debiting and crediting from year to year
6. Application size and complexity
7. Updating operating cost minimums
8. Older LIHTC projects seeking additional credits

# Forums Continued

- Following eight topics, other topics raised
- Then, prioritization exercise conducted
- Finally, interest in advising further solicited

# Results

- Three items drew consensus as priorities
  - Alternative basis limit methodology
  - Simplify/reduce application
  - Update operating cost minimums

# Results Continued

- Two additional items drew broad support
  - Amend site amenity distances and policy toward new growth areas
  - Revisit 150-day readiness criteria
- A final topic rated as a priority in two venues
  - Increasing homeless assistance w/ 9% credits

# Forums: Next Steps

- TCAC has released proposed basis limits for stakeholder consideration
  - Expressed per square foot
  - We invite users to compare current and proposed methods on specific projects
  - Less basis will exceed limits

# Next Steps Continued

- TCAC will soon release proposed operating expense minimums for review
  - Will draw upon annual data from TCAC portfolio
  - Using Annual Operating Expense reports

# Next Steps Continued

- TCAC will pursue improvements in the other priority areas through the summer
- Proposed regulatory changes will be presented in the fall of 2007
- Any adopted changes will be effective in program year 2008

# SB 713 (Lowenthal)

- Would permit bifurcation of State and federal credits within a project's partnership
- Would fold the Farmworker Assistance Program into the State LIHTC
  - Would establish and separately fund a farmworker set-aside
  - Would carry forward the current unused balance